Emerging Markets Equity

Quarterly Report | Year End 2023

HARDING LOEVNER

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Emerging market investors entered 2023 excited about China but cautious about other countries. Reality flipped expectations, though, as China performed poorly while other EMs rose on a combination of improving economies and easier monetary policy.

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We understand the concern over its economic headwinds, but China continues to present opportunities to invest in companies with strong growth prospects. We believe these opportunities are too big to ignore.

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Composite Performance

Total Return (%) — Periods Ended December 31, 2023

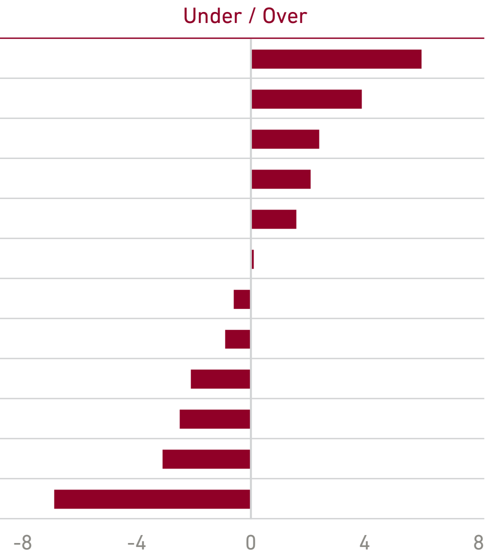
	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
HL Emerging Markets Equity (Gross)	6.40	7.82	-8.18	2.54	2.61	10.08
HL Emerging Markets Equity (Net)	6.16	6.86	-8.98	1.64	1.71	9.17
MSCI Emerging Markets Index	7.93	10.27	-4.71	4.07	3.04	7.78

The composite performance returns shown are preliminary. Returns are annualized for periods greater than one year. Emerging Markets Equity composite inception date: November 30, 1998. MSCI Emerging Markets Index, the benchmark index, is shown gross of withholding taxes.

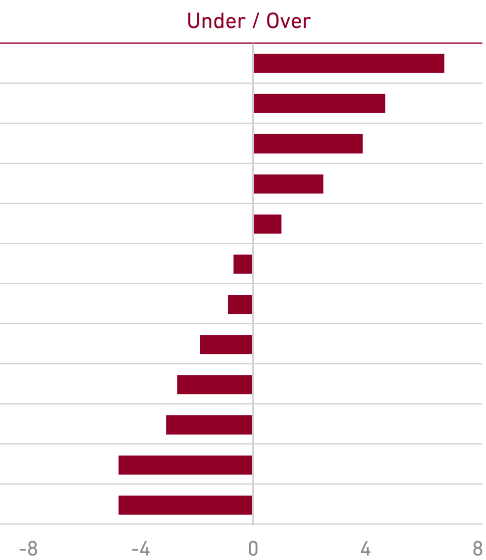
Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL	Index
Industrials	12.9	6.9
Cash	3.9	–
Financials	24.7	22.3
Info Technology	24.2	22.1
Cons Discretionary	14.4	12.8
Cons Staples	6.1	6.0
Real Estate	1.1	1.7
Health Care	2.9	3.8
Utilities	0.6	2.7
Comm Services	6.3	8.8
Energy	2.0	5.1
Materials	0.9	7.8



Geography	HL	Index
Dev. Market Listed	6.8	–
Latin America	14.2	9.5
Cash	3.9	–
Frontier Markets	2.5	–
China + Hong Kong	27.5	26.5
Europe	1.8	2.5
Africa	2.3	3.2
Rest of Asia	3.7	5.6
Taiwan	13.3	16.0
India	13.6	16.7
Middle East	2.2	7.0
South Korea	8.2	13.0



"HL": Emerging Markets model portfolio. "Index": MSCI Emerging Markets Index. "China + Hong Kong": The Harding Loevner Emerging Markets model portfolio's end weight in China is 23.8% and Hong Kong is 3.7%. The benchmark does not include Hong Kong. "Dev. Market Listed": Emerging markets or frontier markets companies listed in developed markets, excluding Hong Kong. "Frontier Markets": Includes countries with less-developed markets outside the index.

Sector and geographic allocations are supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. Source: Harding Loevner Emerging Markets model, FactSet, MSCI Inc. MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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Market Review

Emerging Markets (EMs) entered 2023 facing a varied forecast. China cast off strict pandemic controls, ready to return to business as usual, producing a ray of hope for investors. Elsewhere, the skies seemed more ominous as painfully high interest rates had slowed growth in several EMs and posed recession risk in major developed markets. In hindsight, the story of the year did turn out to be the divergence of China from the rest of the EM universe—but it was China that fell 11%, while other EMs rose 21% on aggregate, reacting to a combination of resilient business cycles and the prospect of easier monetary policy. Overall, EMs closed 2023 with a 10% gain, bolstered by an 8% rise in the fourth quarter, when lower inflation allowed major global central banks to indicate lower interest rates to come.

China's poor performance came as a surprise to many, given the hopeful attitude a year ago after its reopening from COVID-19. However, policymakers continued to focus on reducing excess leverage in the Real Estate sector and local government finances, while remaining reluctant for most of the year to cushion this deleveraging with easier fiscal and monetary policy. As a result, the real-estate downcycle continued to suppress employment and income growth, dampening any improvement in consumer confidence. China fell 4% in the fourth quarter despite continued innovation, rising share in high-value exports such as cars, and signs of more expansionary fiscal policy during the final months of the year. For much of 2023, geopolitical tensions with the US cast a long shadow, epitomized by an errant Chinese intelligence-gathering balloon shot down by the US Air Force in early February, followed by tighter American export controls on advanced semiconductors and chipmaking equipment. After multiple meetings of high-level officials to clear the air, President Joe Biden and President Xi Jinping finally met in person in November at the APEC Summit in San Francisco; among other agreements, they restored direct lines of communication between their defense departments, which the Chinese side had cut to protest then–US House Speaker Nancy Pelosi's 2022 visit to Taiwan.

MSCI EM Index Performance (USD %)

Sector	4Q 2023	Trailing 12 Months
Communication Services	0.1	-0.3
Consumer Discretionary	0.8	-3.2
Consumer Staples	6.2	3.4
Energy	6.8	27.4
Financials	8.3	12.1
Health Care	6.8	-1.8
Industrials	5.5	5.9
Information Technology	17.9	33.1
Materials	7.7	2.6
Real Estate	-0.2	-7.0
Utilities	12.9	2.7
Geography	**4Q 2023**	**Trailing 12 Months**
Africa	13.0	3.2
South Africa	12.7	2.3
Asia	6.8	8.2
China	-4.2	-11.1
India	12.0	21.3
South Korea	15.4	23.6
Taiwan	17.5	31.3
Europe	13.0	30.7
Latin America	17.8	33.5
Brazil	18.1	33.4
Mexico	18.8	41.5
Middle East	5.0	5.4
Saudi Arabia	8.8	10.9
MSCI EM Index	7.9	10.3

Source: FactSet, MSCI Inc. Data as of December 31, 2023.

The weather was much sunnier for most of the 23 markets outside mainland China that comprise the remaining 70% of the MSCI Emerging Markets Index. From Peru to Poland, the story was largely the same: central banks that had led the US in hiking rates now led it in cutting, giving a boost to local economies. Mexico and India rose 19% and 12% in the fourth quarter to cap gains of 42% and 21% in 2023, respectively, helped by steady private investment growth and manufacturing expansions as demand grew for production beyond China, and as India's ruling party won three state elections in November. Brazil was up 33% for the year, after rising 18% in the final quarter. Even the Middle East closed up 5% for the fourth quarter and the year, despite concerns about the regional implications from the Israel-Hamas war that began in October.

> Overall, EMs closed 2023 with a 10% gain, bolstered by an 8% rise in the fourth quarter, when lower inflation allowed major global central banks to indicate lower interest rates to come.

Taiwan and South Korea, respectively, rose 17% and 15% in the fourth quarter and 31% and 24% for the year, despite their economic ties to China. Both markets benefited from excitement about the potential for artificial intelligence (AI), while resilient economic growth in the US (home to their largest buyers outside of China) led to hopes of increased demand, especially for semiconductor companies. The same dynamics pushed the Information Technology (IT) sector to lead EM gains for the year, followed by Energy. Meanwhile, Real Estate, Consumer

Companies held in the portfolio at the end of the year appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A complete list of holdings at December 31, 2023 is available on page 9 of this report.

Discretionary, and Communication Services in China were down for the year, reflecting the impact of the country's economic challenges on its companies, which are major parts of these three sectors—including new draft regulations to curb online game addiction proposed at the end of December.

Performance and Attribution

The Emerging Markets Equity composite returned 6.4% in the fourth quarter gross of fees, behind the 7.9% rise in the MSCI Emerging Markets Index; for the full year, the portfolio rose 7.8% gross of fees while the index gained 10.3%.

During the quarter, weak stocks in Industrials, IT, and Health Care were the largest detractors from performance, offsetting relatively strong results in Communication Services and Financials. In Industrials, shares of China's **CATL**, the global leader in electric-vehicle (EV) batteries, fell sharply due to concerns that the rate of capacity expansion by smaller peers could pressure industry margins. Management of **Hengli Hydraulic**, China's largest producer of hydraulic components used in excavators, tractors, and other mobile machinery, reduced revenue guidance for the year as demand for excavators remained weak domestically.

In IT, shares of China's **LONGi**, the leading global manufacturer of solar equipment, remained weak as pricing for solar modules plunged amid an influx of supply and slowing demand. In Health Care, **WuXi Biologics**, a leading Chinese provider of outsourced services for biotech companies, had to substantially reduce its projections for near-term sales due to an abrupt drop in demand for drug-development services and temporary delays of large manufacturing projects as customers awaited regulatory approvals. Another Chinese biotech holding, **WuXi AppTec**, also fell on concerns about lower drug-development demand. Positive contribution from Financials came from holdings in a diverse set of countries, including Saudi Arabia, South Africa, and India, but the largest came from leading Latin American banking franchises **Itaú Unibanco** and **GF Banorte**. Itaú's stock price surpassed pre-pandemic levels as the company posted impressive quarterly earnings, boosted by a recovery in card fees and subdued credit costs.

Asian countries accounted for the bulk of our underperformance by region, with particularly weak results in China and India. In China, performance was depressed by CATL, LONGi, and the other holdings mentioned earlier. In addition, even as **Ping An Insurance** continued to demonstrate material improvements in the productivity of its agents, the market was spooked by rumors—quickly dispelled by management—that policymakers had invited it to help restructure Country Garden Holdings, the distressed property developer. In India, shares of **Maruti Suzuki**, India's largest automotive manufacturer, lagged the market despite the company posting its highest ever monthly sales volumes in October. While industry sales were high during the entire October/November festive season, underlying demand growth appeared to be decelerating.

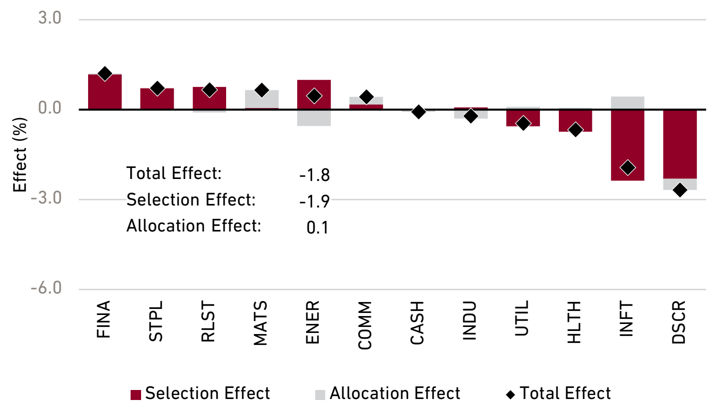
Better results came from Latin America (Itaú, Banorte, plus consumer companies **FEMSA** and **Lojas Renner**) and from developed market (DM)–listed stocks, including IT services companies **Globant**, which has the bulk of its engineers in Latin America, and **EPAM**, with operations in Eastern Europe. Both were boosted by an improving outlook for digital transformation projects in 2024.

For the year, portfolio returns were hampered by the strong relative performance of cheap stocks across most of the major EM countries. In Taiwan and India, for instance, the cheapest tercile outperformed the most expensive tercile by 26% and 19%, respectively, and the portfolio's heavy underweight in the cheapest tercile in those countries cost about 122 basis points.

Trailing 12 Months Performance Attribution

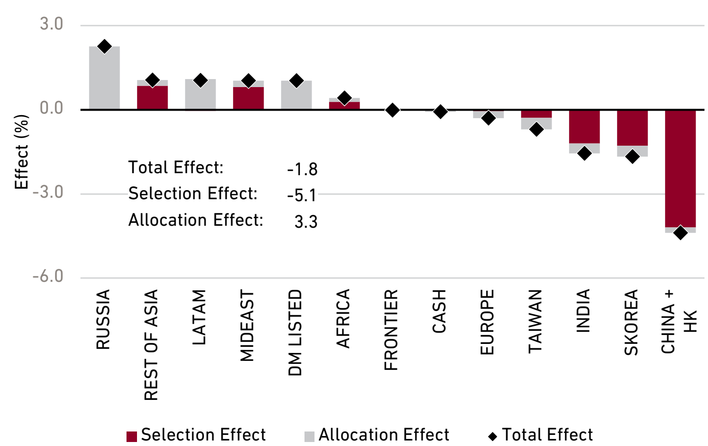
Sector

Emerging Markets Equity Composite vs. MSCI EM Index



Geography

Emerging Markets Equity Composite vs. MSCI EM Index

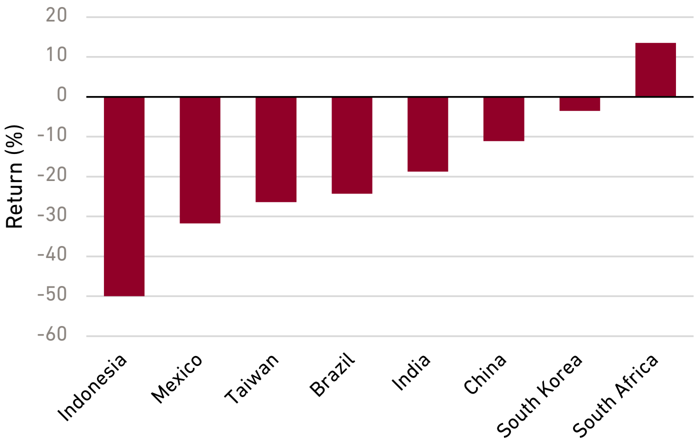


"DM LISTED": Emerging markets or frontier markets companies listed in developed markets, excluding Hong Kong. "FRONTIER": Includes countries with less-developed markets outside the index. "RUSSIA": At the close of trading on March 9, 2022, MSCI removed Russia from its indexes at a price that was effectively zero.

Source: Harding Loevner Emerging Markets Equity composite, FactSet, MSCI Inc. The total effect shown here may differ from the variance of the composite performance and benchmark performance shown on the first page of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the composite GIPS Presentation.

Expensive Trailed Inexpensive

Percentage underperformance of the most expensive stocks compared to the least expensive for select countries



Source: FactSet, MSCI Inc. Data as of December 31, 2023.

For the full year, we also had negative stock selection effects in China, South Korea, and India. Chinese sportswear brand **Li-Ning**, for example, recognized it would fail to meet its annual revenue target and revised guidance downward as it managed inventory back to healthier levels. There were positive contributions from holdings in other regions, including elsewhere in Asia (Indonesia's **Bank Rakyat**), Latin America (Itaú, Banorte, and FEMSA), and from EM companies listed in DMs. The latter included Globant, a timely purchase earlier in the year, and UK-listed Network International, a provider of payment and card-issuance products in the Middle East and Africa that we sold into an offer to take the company private at a significant premium.

Portfolio returns also benefited from the outright sale of two of our Russian holdings, energy company Novatek and internet-services business Yandex, the value of which we had written down to effectively zero in early 2022. We negotiated off-exchange sales of these two securities that added to portfolio returns during the year.

Perspective and Outlook

China's wholesale removal of COVID-19-related restrictions in late 2022 combined with expected policy stimulus was supposed to lead to a resurgence in economic growth and better earnings prospects, boosting stock returns. Or so investors thought. As is often the case, these broad divinations were off the mark. China posted the worst EM country return during the year, down 11%, while no less than eight countries posted returns in excess of 25%.

Worse still, the loss from our portfolio's China holdings, including in Hong Kong, was even greater than that of the China index—a full 10 percentage points more. From a style perspective, this year was a bad environment for quality-growth stocks in China. Diminished growth expectations and the escalation of an industrial trade war with the US combined to raise equity risk premia and batter stock prices—and those with longer-duration growth prospects were pummeled the most. Industries with the strongest combination of quality and growth measures produced some of the worst returns. Value stocks tend to outperform when there is a positive inflection in economic growth expectations—so it is odd that China's economic malaise did not pressure them, too. Meanwhile, lower-quality companies—including many state-owned enterprises (SOEs) in the energy, infrastructure-related, and financial industries—proved more defensive, perhaps because little prospective growth had been priced into these shares. Policymakers have admittedly focused once more on improving the governance standards and returns on capital of SOEs, but from chronically low levels that exclude them as investment candidates for our portfolio. One argument put forward for the weakness of higher-quality stocks is that they had been favored by international active investors, who have exited Chinese positions "en masse" during the past 12 months. This is not an explanation that sits easy with us—for every seller, there is a buyer, and each stock is "owned" by its shareholder base—but given the wave of selling, perhaps it has been a material factor.

That's not to say there weren't specific issues surrounding some of our poorest performers. Most were related to either weaker demand stemming from depressed consumer sentiment and changing consumer habits, which affected Li-Ning and CTGDF, for example, or to concerns regarding over-supply following a heavy cycle of investment in high-growth industries such as the solar and EV-battery industries, which affected LONGi and CATL.

We understand the consternation about the macroeconomic headwinds, but China continues to present opportunities to invest in companies with strong growth prospects. We believe these opportunities are too big to ignore. Allow us to explain.

China's economy and its structural drivers define the over-arching environment, but stock returns are ultimately determined by the performance of the underlying companies. Our investment approach is to identify businesses that can grow profits and cash flows regardless of the broader economic environment. In particular, we seek companies that compete in growing industries that offer expanding addressable markets, possess enduring competitive advantages that allow them to increase market share in their core businesses, and also selectively invest in new business segments that can augment their long-term growth.

> We understand the consternation about the macroeconomic headwinds, but China continues to present opportunities to invest in companies with strong growth prospects. We believe these opportunities are too big to ignore.

From our bottom-up perspective, we see a number of companies in China that are comparable with other global leaders in innovation and commercial execution and have several advantages that support long-term growth and profitability. Most obviously, they have direct access to the second-largest market on the planet, which provides an organic source of economic scale. Moreover, these companies can continue to tap into China's greatest competitive advantage in the global marketplace: its manufacturing base. The government is resolute in directing investment to further the country's advanced manufacturing sector and thwart Washington's attempts to snuff out the advantages of its scaled manufacturing, technological know-how, and vast skilled workforce.

One of the key takeaways from our research team's recent trips to China was that these advantages have only increased over the past five years. Manufacturing efficiencies through automation and innovation, and leveraging a world-beating educated labor force, are highly evident and bode well for the future. We have identified opportunities for high and durable growth across many industries in China, from branded consumer goods to medical equipment, from EV batteries to industrial-automation equipment.

We recognize that such opportunities also entice rival firms to compete for the long-term economic spoils. Leading Chinese companies with dominant positions in their industries have long battled with global multinationals but are increasingly having to also fend off local competition. China's strengths benefit not only incumbent industry leaders but also a growing legion of emerging competitors that can leverage accessible infrastructure and supportive government policies to forge a competitive challenge. However, the portfolio has several holdings that we believe can effectively defend their market shares and profit margins.

CATL is a microcosm of the risks and opportunities that define the investment landscape in China. As the global leader in EV batteries, it operates in a high-growth industry that has attracted significant capital investment in a bid to capture burgeoning global demand. In addition, the dominance of Chinese companies across the supply chain, and the perceived strategic importance of the EV sector, has led to targeted industrial policy, primarily by the US, aimed at reducing this dominance—only fair in the eyes of the ones proposing those policies after China successfully did the same to nurture an EV ecosystem, including a world-leading battery industry. In our view, however, tilting the market map slightly away from CATL's favor is not enough to displace its competitive leadership in the industry or the durability of its growth prospects.

Our recent visit to CATL's headquarters and manufacturing plant in Ningde, Fujian province, together with management discussions have served to reinforce to us the magnitude of its competitive advantages. Its technology leadership is evident from the high-end (semi-solid-state, nickel-based batteries) through mid-range (fast-charging versions of lithium-iron-phosphate) to low-end (sodium) batteries. But it has been able to widen its cost leadership as well—not only by simple economies of scale, but also with its "super lines" that, largely using proprietary equipment, can manufacture much more quickly and efficiently while costing only half as much to build as traditional lines with the same capacity. Meanwhile, CATL can control variable costs better than any rival. It has a significant in-house supply of materials and can leverage non-fossil-fuel sources with stable pricing for 60% of the energy used in its production. Its leadership in both cost and technology has enabled its unit profit margins to remain stable in 2023 despite intensifying competition. Strong cash-flow generation has continued to support its R&D budget—the highest in the industry by far—which has in turn sustained its development of better products that produce higher profits and more cash to spend to improve both.

The greatest risk we perceive to our long-term growth forecasts for CATL comes from the rampant success of another Chinese company. BYD is the leading Chinese EV maker and one of the largest consumers—but also producers—of EV batteries. BYD has secured its own cost advantage by making as many key components as possible in-house, including its own batteries. If BYD were to acquire a significantly greater share of the China and global EV markets, it could materially reduce CATL's addressable market. We suspect BYD's market share may be diluted over time as other EV brands produce more-competitive models, but we remain aware of the risk.

Shares of CATL have fallen 65% from their peak in 2021, even as its most recent quarterly earnings more than quadrupled from the same period that year, and now trade at a forward price/earnings multiple of 11x, down from 28x as recently as August 2022. We continue to expect profit growth to exceed 25% annually over the next five years and are attracted to the risk-adjusted returns implied by our valuation. We have added to our holding.

> We believe this past year's stock-market action, while imposing painful losses, has ultimately served to enhance the investment opportunity for those willing to stomach near-term stock-price volatility.

Sanhua Intelligent Controls is another holding that has benefited from the rapid growth in EVs, having a 50% global share in key EV thermal-management components. Its industry-leading profit margins and robust growth profile can turn customers into competitors, though. **Midea Group**, China's leading appliances manufacturer, is looking to add in-house production to reduce its dependency on Sanhua's components across its core products; Midea is also eyeing the opportunity to utilize that new capability to compete with Sanhua in supplying EV makers. And Tesla has tolerated a sole dependency on Sanhua's components within its thermal-management systems, but this is set to change as it looks to diversify supplier risk.

Sanhua has made significant investments to diversify its geographic manufacturing footprint, with key plants already operating in Mexico, Poland, and Vietnam. Such investments offer opportunities for growth but are partly undertaken at the behest of its largest customers that are looking to de-risk supply chains through diversification and proximity. These initiatives could pressure profit margins if customers are not willing to stomach price increases to offset higher costs, particularly as these businesses grow to scale. Sanhua has also been investing to develop its capability in electromechanical actuators (motors that convert electrical energy into mechanical motion) with plans to supply robot makers, specifically Tesla, as it looks to launch its Optimus humanoid robot. The company has just confirmed its intention to invest more than US$500 million to build an R&D and production facility to develop this specific product line.

While we are confident Sanhua has the competitive advantage to defend its industry position and the ability to develop new competitive products in adjacent business lines, we are also conscious that the company is not immune to the threats discussed above. We will continue to be mindful of valuation if the market becomes too optimistic, as we do for all of our investments.

We believe this past year's stock-market action, while imposing painful losses, has ultimately served to enhance the investment opportunity for those willing to stomach near-term stock-price volatility and understand that broad economic growth is *not* the primary driver of stock-market returns. Last year's brimming optimism about China may have turned into stark pessimism, but that's also created more-modest valuations. We're willing to wait for this cycle's inevitable exhaustion phase, looking forward to the long-term gains we expect will eventually manifest.

Portfolio Highlights

As much as we believe there are opportunities in China, uncertainty remains related to Chinese consumer spending in a weak economic environment. We reduced the portfolio's exposure to two consumer businesses whose growth expectations could disappoint over the next few years. We exited CTGDF, one of the leading operators of duty-free stores in China. CTGDF's earnings recovery this year was weak even though tourist visits to Hainan Island, an important revenue generator for this company, increased after the end of COVID-19-related restrictions. Overall spending per shopper has declined, indicating strain on the Chinese consumer purse. We are also concerned about likely regulatory changes that could make the whole island of Hainan duty-free after 2025, which could diminish CTGDF's competitive advantage there.

We also exited LG Household & Health Care, a leading South Korean cosmetics, personal-products, and home-care company. A key part of our growth thesis for this company has been its cosmetics sales to Chinese consumers, both within China as well as through duty-free shops in Korean airports. The company has failed to meet our growth expectations due to weak sales to these consumers, and we think it will be a long and difficult path for the company to turn around its growth prospects.

On the other hand, we added a new position in **Budweiser APAC**, the market leader in the premium beer category in China. We believe Budweiser APAC's superior brand portfolio and management's efforts to boost consumption of premium beer in China should support profitable growth for the company. We think the stock is trading at an attractive valuation given its long-term growth prospects in China and other regional markets such as South Korea and India. Outside of China, we established a new position in **HDFC Life**, the second-largest private-sector life insurer in India measured by new business value. The Indian life-insurance industry is entering a likely sustainable high-growth phase due to a new regulatory regime that has an ambitious target to have all Indians covered by life insurance by 2047. India's market for insurance products is underpenetrated compared with other financial products; there are more than a billion bank accounts in the country, but only 6 million people have life insurance. The industry has been growing about 15% per year in new business premiums over the past decade, and that growth should accelerate significantly if the regulations meet their target.

Founded in 2000, HDFC Life is one of the few insurers in India that has steadily gained market share over the past decade and is also the market leader in high-margin protection products such as term and credit life insurance. The company stands out from rivals due to its business mix, with strong exposure to high-margin products, as well as a strong track record of product innovation. It's well positioned to benefit from the country's push to increase the adoption of life insurance.

> We believe Budweiser APAC's superior brand portfolio and management's efforts to boost consumption of premium beer in China should support profitable growth for the company.

Another new purchase was Polish e-commerce company **Allegro**. Allegro has a 45% share of its home market, while its nearest competitors each have less than 10%. Allegro is predominantly a third-party marketplace where retailers can sell their products directly to consumers from branded storefronts. In addition to the core e-commerce marketplace, the company also operates an online payments platform, Allegro Pay, as well as an advertising business, Allegro Ads, that enables profile-based targeting. Allegro also owns the largest online seller of concert and entertainment tickets in Poland, eBilet. Allegro's competitive advantage is that it is a well-recognized and trusted brand name in Poland that provides the widest range of products and services. Its scale allows the company to be the lowest-priced seller across the most frequently purchased product categories.

Harding Loevner's Quality, Growth, and Value rankings are proprietary measures determined using objective data. Quality rankings are based on the stability, trend, and level of profitability, as well as balance sheet strength. Growth rankings are based on historical growth of earnings, sales, and assets, as well as expected changes in earnings and profitability. Value rankings are based on several valuation measures, including price ratios.

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Emerging Markets Holdings (as of December 31, 2023)

Communication Services	Market	End Wt. (%)
Baidu (Internet products and services)	China	0.4
CD Projekt (Video game developer)	Poland	0.3
Naver (Internet services)	South Korea	1.3
NCSOFT (Video game developer)	South Korea	0.5
Safaricom (Mobile network operator)	Kenya	0.4
Tencent (Internet and IT services)	China	3.4
Consumer Discretionary		
Alibaba (E-commerce retailer)	China	1.6
Allegro (E-commerce retailer)	Poland	1.0
Coway (Consumer appliances manufacturer)	South Korea	0.6
Eclat Textile (Technology-based textile manufacturer)	Taiwan	2.0
Fuyao Glass (Automotive glass manufacturer)	China	0.6
JD.com (E-commerce retailer)	China	1.1
Li-Ning (Athletic footwear and apparel retailer)	China	0.7
Lojas Renner (Department stores operator)	Brazil	0.6
Maruti Suzuki (Automobile manufacturer)	India	2.4
Midea Group (Consumer appliances manufacturer)	China	0.7
Shenzhou International (Textile manufacturer)	China	1.5
Trip.com Group (Online travel services)	China	1.6
Consumer Staples		
Budweiser APAC (Alcoholic beverages manufacturer)	Hong Kong	0.6
Coca-Cola HBC (Coca-Cola bottler)	UK	1.1
FEMSA (Beverages manufacturer and retail operator)	Mexico	2.4
Walmart de México (Foods and cons. products retailer)	Mexico	2.0
Energy		
Lukoil (Oil and gas producer)	Russia	0.0*
Tenaris (Steel-pipe manufacturer)	Italy	2.0
Financials		
AIA Group (Insurance provider)	Hong Kong	1.6
Al Rajhi Bank (Commercial bank)	Saudi Arabia	1.1
B3 (Clearing house and exchange)	Brazil	0.8
Bancolombia (Commercial bank)	Colombia	0.6
Bank Central Asia (Commercial bank)	Indonesia	0.9
Bank of Georgia (Commercial bank)	UK	0.4
Bank Rakyat (Commercial bank)	Indonesia	1.6
Commercial International Bank (Commercial bank)	Egypt	0.5
Discovery Holdings (Insurance provider)	South Africa	0.6
GF Banorte (Commercial bank)	Mexico	2.2
HDFC Bank (Commercial bank)	India	4.9
HDFC Life (Insurance provider)	India	0.9
Itaú Unibanco (Commercial bank)	Brazil	1.6
Kaspi.kz (Banking and financial services)	Kazakhstan	1.3
Komerční Banka (Commercial bank)	Czech Republic	0.5
Kotak Mahindra Bank (Commercial bank)	India	1.1
Ping An Insurance (Insurance provider)	China	1.3
Sberbank (Commercial bank)	Russia	0.0*

Financials	Market	End Wt. (%)
Standard Bank (Commercial bank)	South Africa	1.3
XP (Broker dealer and financial services)	Brazil	1.5
Health Care		
Mindray (Medical equipment manufacturer)	China	1.0
WuXi AppTec (Biopharma manufacturer)	China	1.5
WuXi Biologics (Biopharma manufacturer)	China	0.4
Industrials		
AirTAC (Pneumatic-equipment manufacturer)	Taiwan	1.8
Astra International (Auto business operator)	Indonesia	1.2
CATL (Battery systems manufacturer)	China	1.1
Copa Holdings (Airline operator)	Panama	0.8
Hengli Hydraulic (Hydraulic components mfr.)	China	1.0
Inovance (Industrial controls manufacturer)	China	0.7
Localiza (Automobile rental services)	Brazil	1.6
Meyer Optoelectronic (Optical machine manufacturer)	China	0.6
Sanhua Intelligent Controls (HVAC and R parts mfr.)	China	1.4
Techtronic Industries (Power tools manufacturer)	Hong Kong	1.0
WEG (Industrial equipment manufacturer)	Brazil	0.9
ZTO Express (Express delivery services)	China	0.9
Information Technology		
ASM Pacific Technology (Semiconductor eqpt. mfr.)	Hong Kong	0.5
Aspeed (Electronic chip designer and manufacturer)	Taiwan	1.5
Delta Electronics (Power management products)	Taiwan	1.8
EPAM (IT consultant)	US	1.4
Globant (Software developer)	US	2.0
Hon Hai Precision (Electronics manufacturer)	Taiwan	0.7
LONGi (Solar power equipment manufacturer)	China	0.9
Samsung Electronics (Electronics manufacturer)	South Korea	5.8
StarPower (Semiconductor manufacturer)	China	0.8
Tata Consultancy Services (IT consultant)	India	3.3
TSMC (Semiconductor manufacturer)	Taiwan	5.5
Materials		
Asian Paints (Paint manufacturer)	India	0.9
Real Estate		
Emaar Properties (Real estate developer and manager)	UAE	1.0
Utilities		
ENN Energy (Gas pipeline operator)	China	0.6
Cash		3.9

*Since March 7, 2022, we have fair valued our Russian holdings at effectively zero because we cannot trade the securities on their respective markets and we have not identified a reliable alternative fair value.

Model portfolio holdings are supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the securities identified have been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner.

4Q23 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Yandex	COMM	<0.1	–	0.61
Meituan*	DSCR	–	1.0	0.41
GF Banorte	FINA	2.1	0.4	0.25
Eclat Textile	DSCR	2.1	<0.1	0.23
FEMSA	STPL	2.4	0.3	0.23

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Novatek	ENER	<0.1	–	1.26
Meituan	DSCR	<0.1	1.2	1.00
Yandex	COMM	<0.1	–	1.00
FEMSA	STPL	1.9	0.3	0.68
Aspeed	INFT	1.1	–	0.64

4Q23 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Li-Ning	DSCR	1.0	0.1	-0.49
Emaar Properties	RLST	1.6	0.2	-0.48
WuXi AppTec	HLTH	1.8	0.1	-0.41
PDD Holdings*	DSCR	–	1.1	-0.37
Ping An Insurance	FINA	1.6	0.6	-0.35

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL	Avg. Weight Index	Effect
Li-Ning	DSCR	1.2	0.2	-1.30
LONGi	INFT	1.2	<0.1	-1.09
LG Household & Health Care	STPL	1.0	0.1	-0.92
CTGDF	DSCR	0.8	0.1	-0.90
AIA Group	FINA	1.7	–	-0.67

*Company was not held in the portfolio; its absence had an impact on the portfolio's return relative to the index.
"HL": Emerging Markets composite. "Index": MSCI Emerging Markets Index.

Portfolio Characteristics

Quality and Growth	HL	Index
Profit Margin[1] (%)	17.1	16.0
Return on Assets[1] (%)	9.8	6.2
Return on Equity[1] (%)	17.4	16.2
Debt/Equity Ratio[1] (%)	31.5	48.5
Std. Dev. of 5 Year ROE[1] (%)	3.9	4.0
Sales Growth[1,2] (%)	10.8	8.9
Earnings Growth[1,2] (%)	12.6	10.4
Cash Flow Growth[1,2] (%)	11.0	10.5
Dividend Growth[1,2] (%)	8.8	6.1
Size and Turnover	**HL**	**Index**
Wtd. Median Mkt. Cap. (US $B)	29.1	29.2
Wtd. Avg. Mkt. Cap. (US $B)	104.3	110.2
Turnover[3] (Annual %)	16.4	–

Risk and Valuation	HL	Index
Alpha[2] (%)	-1.38	–
Beta[2]	1.04	–
R-Squared[2]	0.93	–
Active Share[3] (%)	71	–
Standard Deviation[2] (%)	20.51	19.01
Sharpe Ratio[2]	0.03	0.11
Tracking Error[2] (%)	5.5	–
Information Ratio[2]	-0.28	–
Up/Down Capture[2]	103/107	–
Price/Earnings[4]	16.1	12.6
Price/Cash Flow[4]	11.7	9.3
Price/Book[4]	2.6	1.9
Dividend Yield[5] (%)	2.4	2.8

[1]Weighted median. [2]Trailing five years, annualized. [3]Five-year average. [4]Weighted harmonic mean. [5]Weighted mean. Source: (Risk characteristics): Harding Loevner Emerging Markets composite based on the composite returns, gross of fees, eVestment Alliance LLC, MSCI Inc. Source: (other characteristics): Harding Loevner Emerging Markets model based on the underlying holdings, FactSet (Run Date: January 5, 2024) based on the latest available data in FactSet on this date.), MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Allegro	Poland	DSCR
Budweiser APAC	Hong Kong	STPL
HDFC Life	India	FINA

Positions Sold	Market	Sector
CTGDF	China	DSCR
LG Household & Health Care	South Korea	STPL
Magazine Luiza	Brazil	DSCR

The portfolio is actively managed therefore holdings identified above do not represent all of the securities held in the portfolio and holdings may not be current. It should not be assumed that investment in the securities identified have been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data in the tables above; and (2) a list showing the weight and relative contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the tables above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall relative performance over the period. Performance of contributors and detractors is net of fees, which is calculated by taking the difference between net and gross composite performance for the Emerging Markets Equity strategy prorated by asset weight in the portfolio and subtracted from each security's return. Contributors and detractors exclude cash and securities in the composite not held in the model portfolio. Quarterly data is not annualized. Portfolio attribution and characteristics are supplemental information only and complement the fully compliant Emerging Markets Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

Emerging Markets Equity Composite Performance (as of December 31, 2023)

	HL EM Gross (%)	HL EM Net (%)	MSCI EM Index[1] (%)	HL EM Equity 3-yr. Std. Deviation[2] (%)	MSCI EM Index 3-yr. Std. Deviation[2] (%)	Internal Dispersion[3] (%)	No. of Accounts	Composite Assets ($M)	Firm Assets ($M)
2023[4]	7.82	6.86	10.27	17.36	17.14	0.5	6	3,769	43,926
2022	-26.47	-27.10	-19.74	22.07	20.26	0.4	10	7,234	47,607
2021	-2.34	-3.19	-2.22	20.48	18.35	1.1	13	15,537	75,084
2020	15.43	14.37	18.69	21.65	19.62	0.8	15	19,162	74,496
2019	26.90	25.78	18.88	14.64	14.17	0.4	17	19,045	64,306
2018	-17.29	-18.03	-14.25	13.94	14.62	0.4	21	15,114	49,892
2017	36.81	35.64	37.75	13.90	15.36	0.3	23	19,177	54,003
2016	14.84	13.85	11.60	15.00	16.07	0.4	22	13,629	38,996
2015	-12.85	-13.59	-14.60	13.61	14.04	1.2	20	9,670	33,296
2014	0.74	-0.11	-1.82	14.06	14.99	0.5	14	8,212	35,005
2013	5.74	4.80	-2.27	17.56	19.03	0.6	12	5,649	33,142

[1]Benchmark index. [2]Variability of the composite, gross of fees, and the index returns over the preceding 36-month period, annualized. [3]Asset-weighted standard deviation (gross of fees). [4]The 2023 performance returns and assets shown are preliminary.

The Emerging Markets Equity composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities of companies domiciled predominately in emerging markets and cash reserves, and is measured against the MSCI Emerging Markets Total Return Index (Gross) for comparison purposes. Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark is Reuters. The exchange rate source of the composite is Bloomberg. Additional information about the benchmark, including the percentage of composite assets invested in countries or regions not included in the benchmark, is available upon request.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The index consists of 24 emerging market countries. You cannot invest directly in this index.

Harding Loevner LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Harding Loevner has been independently verified for the period November 1, 1989 through September 30, 2023.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Emerging Markets Equity composite has had a performance examination for the periods December 1, 1998 through September 30, 2023. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Harding Loevner LP is an investment adviser registered with the Securities and Exchange Commission. Harding Loevner is an affiliate of Affiliated Managers Group, Inc. (NYSE: AMG), an investment holding company with stakes in a diverse group of boutique firms. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented gross of foreign withholding taxes on dividends, interest income and capital gains. Additional information is available upon request. Past performance does not guarantee future results. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The standard fee schedule generally applied to separate Emerging Markets Equity accounts is 1.05% annually of the market value for the first $20 million; 0.75% for the next $80 million; 0.70% for the next $100 million; 0.55% above $200 million. The management fee schedule and total expense ratio for the Emerging Markets Equity Collective Investment Fund, which is included in the composite, are 0.90% on all assets and 1.00%, respectively. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

The Emerging Markets Equity composite was created on November 30, 1998 and the performance inception date is December 1, 1998.

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